GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

STARRED QUESTION NO:120
ANSWERED ON:01.12.2014
INVESTMENT OF EPFO FUND
Arunmozhithevan Shri A.

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a)whether the norms for investments of Employees Provident Fund Organization (EPFO) funds in private sector debentures are so strict that only 5.65 per cent of its corpus is able to get invested therein against a permissible limit of 10 per cent;

(b)if so, the details thereof and the reaction of the Government thereto;

(c)whether investment in the equity is not permitted at present by EPFO;

(d)if so, the details thereof and the reasons therefor; and steps taken by the Government to provide more autonomy to EPFO in regard to investments in order to gain better returns?

Answer

MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT (SHRI BANDARU DATTATREYA)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 120 FOR REPLY ON 01.12.2014 BY SHRI A. ARUNMOZHITHEVAN REGARDING INVESTMENT OF EPFO FUND

(a) & (b): The present norms of investment allow investment upto 10% of its fresh accretion in debentures of private companies. The norms for investment of EPFO funds have been devised to safeguard interests of members/subscribers. Apart from investment norms, the investment in private sector debentures also depends upon the availability (supply) of such bonds and also appropriate rate of return being offered on them.

(c) & (d): Yes, Madam. Central Board of Trustees (CBT), Employees' Provident Fund (EPF) in its 201st meeting held on 25-02-2013 agreed to adopt pattern of investment of Ministry of Finance dated 14-08-2008 except those in equity. Ministry of Labour & Employment in consultation with Ministry of Finance notified the investment pattern as agreed to by CBT, EPF, on 21st November, 2013 for investment of EPF funds wherein investment in equity is not permitted.

(e): As per Section 5A (3) of Employees' Provident Funds & Miscellaneous Provisions Act, 1952, the Central Board is entrusted to administer the fund vested in it in such a manner as may be specified in the Scheme. Para 52 of Employees' Provident Funds Scheme, 1952 specifies that the monies belonging to Employees' Provident Fund shall be invested subject to such directions as the Central Government may give from time to time. Ministry of Labour & Employment notifies investment pattern from time to time for investment of monies belonging to EPF. EPFO has full autonomy to invest monies within the ambit of the investment pattern notified by Ministry of Labour and Employment. Further, CBT, EPF monitors the funds to yield maximum return while safeguarding the interests of subscribers.